

*State of Idaho*  
**DEPARTMENT OF INSURANCE**

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**WILLIAM W. DEAL**  
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**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**  
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**Credit Insurance and Holiday Shopping**

BOISE, ID (December 1, 2008) – At a time when many consumers are worried about paying for even their most basic needs, it is tempting to use credit to buy holiday presents. Many credit card companies know that and are using the season to offer credit insurance for your account.

Idaho Department of Insurance Director Bill Deal urges consumers to learn some basic facts before purchasing credit insurance. "In today's economic environment, we should be aware of the true costs of credit insurance and how it will affect our financial condition."

Credit insurance is sold in conjunction with a credit obligation or loan. If you lose your job or become unable to work due to some type of disability – and these events prevent you from making the necessary loan payments – credit insurance protects the lender by making payments on your behalf.

Director Deal said, "It is against the law for a lender to include credit insurance in your loan without your knowledge or permission. Before you sign any loan papers, ask the lender whether the loan includes any charges for voluntary credit insurance."

Before deciding to buy credit insurance from a lender, think about your needs, your options and the rates you are able to pay. Consider these questions before signing the application:

- How much is the premium?
- Will the premium be financed as part of the loan? If so, will it increase your loan amount and cause you to pay additional interest?
- Can you pay the premium monthly instead of financing the entire premium as part of your loan?
- How much lower would your monthly loan payment be without the credit insurance?

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- Will the insurance cover the full length of your loan and the full loan amount?
- What are the limits and exclusions on payment of benefits? (Spell out exactly what is covered and what is not.)
- Is there a waiting period before the coverage becomes effective?
- If you have a co-borrower, what coverage does he or she have and at what cost?
- Can you cancel the policy? If so, what kind of refund is available and do any penalties apply?

Watch for aggressive sales tactics and make sure you understand all of the documents you sign. If you have any questions about the coverage or the company selling the coverage, contact the Department of Insurance, 800-721-3272 toll-free statewide, or 334-4250 in Boise.

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